GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:1481
ANSWERED ON:26.07.2016
Linkage between Farmers and Industry
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Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether the Government has identified that due to lack of linkages between farmers and industry there is ineffective and economically inefficient supply chain and if so, the details thereof;

(b) the steps taken by the Government to enhance farmer industry partnership;

(c) whether the Government intends to provide funds to the farmer producer organisations or companies and local aggregators who are in direct contact with the farmers and to establish linkage between market and industry for effective and economically efficient supply chain in the
country;

(d) if so, the details thereof; and

(e) if not, the reasons therefor along with the steps being taken to improve the supply chain so as to reduce the sky rocketing retail prices of pulses?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

???? ??? ????? ?????? ???????? ??? ????? ?????? (SHRI PARSHOTTAM RUPALA)

(a) & (b): To successfully deal with a range of challenges that confront farmers today, especially the constraints imposed by the small size of holdings of small and marginal farmers, member based Farmer Producer Organizations (FPOs) offer a proven pathway in overcoming these problems. FPO members are able to leverage collective strength and bargaining power to access financial and non-financial inputs and services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms. FPOs are promoted through various Central Sector Schemes operated in the States by the Government.

Further, in order to integrate the food processing industries with farmers, the Government has requested the States/Union Territories (UTs) to amend their marketing regulations to promote direct purchase of agricultural produce from farmers by processors at their farm gate. On consistence pursuance by the Government, so far 23 States/UTs have amended their Agricultural Produce Market Committee (APMC) Act to provide the direct purchase from farmers' at their farm gate.
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Under Central Sector Scheme of Cold Chain, Value Addition and Preservation Infrastructure, the Government is providing financial assistance in the form of grant-in-aid of maximum Rs. 10 Crore per project for setting up of integrated cold chain and preservation infrastructure facilities without any break from the farm gate to the consumer. The integrated cold chain and preservation infrastructure can be set up by individuals, group of entrepreneurs, cooperative societies, Self Help Groups (SHGs), Farmer Producer Organizations (FPOs), NGOs, Central/State PSUs, etc.

Further, The scheme of Mega Food Park aims to create modern infrastructure for food processing and to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities especially in rural areas. Government has sanctioned 42 Mega Food Parks for setting up in the Country.

(c) & (d): The Government is providing funds to State Governments under several Central Sector Schemes like Rashtriya Krishi Vikas Yojana (RKVY), Mission for Integrated Development of Horticulture (MIDH) and National Food Security Mission (NFSM) with provision for promotion of FPOs. Since 2011-12, 694 FPOs have been promoted by Small Farmers Agribusiness Consortium (SFAC), the nodal agency identified for the purpose. Out of 694 FPOs, 515 FPOs have already been registered. State-wise details is annexed. A large number of these FPOs after registration have been engaged in market transactions both for inputs and outputs. They are also successful in raising institutional credit for crop promotion, storage and processing operation.

(e): The Government has created a Price Stabilization Fund (PSF) with an initial corpus of Rs. 500 crore during year 2015-16 and Rs. 900 crore for year 2016-17 to support market interventions for price control of important agri-commodities like onion, potatoes and

pulses. The intervention is expected to regulate price volatility through procurement by State Govt. and Central agencies of selected produce, buffer stock, import and regulated release into the market.